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C O N F I D E N T I A L SECTION 01 OF 04 MANAGUA 000922

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SUBJECT: TERRITORIAL RESTRUCTURING OF AUTONOMOUS REGIONS
FAVORS SANDINISTAS

REF: A. MANAGUA 416

[1](#)B. MANAGUA 865

Classified By: Ambassador Paul Trivelli for reasons 1.4(b,d)

[1](#)1. (C) SUMMARY: There are two proposals pending introduction into the National Assembly (NA) that would carve out two new regions or departments from the North Atlantic Autonomous Region (RAAN) and its southern counterpart, the RAAS. Liberal deputies allegedly authored both proposals on grounds that the western parts of both regions are ethnically, culturally, and economically more tied to the neighboring departments than to their coastal capitals. Besides supporting these proposals, the president of the Sandinista National Liberation Front (FSLN)-allied indigenous Yatama party, Brooklyn Rivera, also seeks to capitalize on them to push for reforms to the Law of Autonomy (Law 28) that governs both regions. Rivera would like to see greater autonomy and indigenous control in what would remain of the two regions. Liberals on the Atlantic Coast, however, oppose both proposals on grounds that Rivera is manipulating the deputies in order to consolidate his personal control of the region. Many indigenous groups are also suspicious of Rivera's motives, believing that such reforms would grant Rivera and President Daniel Ortega virtually unfettered access to the regions' rich natural resources. END SUMMARY

Reforms Needed to Law of Autonomy

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[1](#)2. (SBU) Law 28, the law that established the North and South Atlantic Autonomous Regions, was passed by the first Ortega Administration over 20 years ago, many believe as an effort to placate the regions, indigenous inhabitants after years of conflict with Ortega's then-administration. The law, which created two zones from the larger Zelaya territory, as well as the department of Rio San Juan, formalized indigenous leadership structures at the regional, territorial, and communal levels with elected leaders. In addition, land and resources were recognized as communal.

[1](#)3. (SBU) Over the past 15 years, there has been a steady influx of "mestizos" -- non indigenous people of Spanish-speaking origin -- into these vast sparsely populated territories seeking cheap land for agriculture and

cattle-raising. Immigrants brought with them the concept of private property and, thus, have sought to "purchase" land from local communities or have simply moved in and staked out property. Today, particularly in the western reaches of the RAAN and RAAS, mestizos greatly outnumber indigenous groups whose members are predominantly concentrated along the major rivers and the Atlantic coast line, having largely ceded the inland territory to immigrants.

14. (SBU) Given that Law 28 designated both regions as communal property, the issue of property rights -- private vs. communal -- is contentious and complicated in the RAAN and RAAS. Indigenous communities have struggled for years for more formal recognition and definition of their communal lands and to stop, or better regulate, the encroachment of mestizos. In this regard, the indigenous structures formalized in Law 28 create an overlapping maze of authorities, decision-makers, and claimants. This confusion of land ownership and titling and the myriad of communal, territorial, and regional bodies that potential investors must work through has been an important contributor to the regions' slow economic development (Ref A).

Current Political Reality Favors Liberal Parties

15. (C) As the demographic mix of the RAAN and RAAS has shifted, so, too, has the political balance. Most of the mestizo immigrants from Nicaragua's western departments vote Liberal. As a result, indigenous political parties and movements have been slowly losing ground over the years. The current incarnation of the largest indigenous political movement, Yatama, is closely aligned with Sandinista President Ortega's FSLN. The personal popularity of Yatama president Brooklyn Rivera -- who is widely reported to fancy himself "king of the indigenous peoples" -- has fallen sharply over the past two years due to his close alliance with Ortega, the national and regional government's collective bungling of post-Hurricane Felix relief efforts, and the violence orchestrated by these same authorities on April 4 in the RAAN capital of Puerto Cabezas over possible election delays. Aware that his only currency with Ortega is his ability to control the Atlantic Coast, specifically the RAAN, Rivera is interested in fashioning solutions that would allow him to maintain his grip upon the region while maintaining a facade of support for indigenous rights.

RAAS Proposal - Playing into Rivera's Hands?

16. (C) National Assembly deputy Francisco Jarquin, who, until recently, was allied with Eduardo Montealegre's Vamos Con Eduardo (VCE) movement, is the primary advocate for a plan to carve out a new department composed of four municipalities -- Nueva Guinea, El Ayote, El Rama and Muelle de Los Bueyes -- from the western portion of the RAAS. Liberal Constitutional Party (PLC) deputy Francisco Aguirre Sacasa is also backing this proposal. According to Jarquin, these municipalities are populated by mestizos who vote Liberal and who have more in common -- culturally and economically -- with their neighboring departments to the west than with the RAAS' coastal population. He also emphasizes that the new territory would be incorporated as a department, not a region, precisely to facilitate the ownership of private property. Jarquin also admits -- as does RAAS Regional Council President Lourdes Aguilar -- that these four municipalities have never participated in Regional Council elections, as mandated by Law 28. As such, Jarquin stresses that the inhabitants' interests are therefore not represented by the regional government. (COMMENT: When pressed about why these important commercial and population centers had never been incorporated into regional elections, Aguilar simply shrugged and admitted it was a problem. END COMMENT)

17. (C) While Jarquin, who hails from Muelle de Los Bueyes, is pushing for the separation of a new department based on commercial, cultural, and ethnic differences, Aguilar and

other Liberal leaders in the RAAS capital of Bluefields are strongly opposed to the idea and are convinced that Rivera -- who also favors the separation of these four municipalities -- is manipulating Jarquin. According to Aguilar, Liberal Bluefields mayor Luis Gutierrez, and VCE mayoral candidate Harold Baccon, removing these Liberal municipalities would have several negative effects on the RAAS:

- It would sever a large portion of the RAAS' Liberal voter base, increasing the proportion of Yatama -- and, by proxy -- Sandinista votes in the remaining RAAS;

- it would reduce the remaining RAAS percentage of the national vote from 10 percent to two percent, jeopardizing the RAAS' representation in the National Assembly, which has historically been Liberal; and,

- it would economically isolate Bluefields from the rest of the country.

18. (C) Although the RAAS, as a region, would lose its economic engine if these four municipalities were separated, Rivera appears willing to accept this "compromise" for two reasons. First, if the alternative to separation would be inclusion on the Regional Council, Liberal representation on the council would immediately increase by 12 votes (each municipality enjoys three votes), shifting power -- and control -- on the council away from Rivera. Second, Rivera is advocating that, in exchange, the remainder of the RAAS be left alone to govern itself using a reformed Law 28, which Rivera himself drafted, that strengthens indigenous control. Despite Rivera's supposed strong advocacy for indigenous rights and communal property, some of Rivera's strongest opponents remain the indigenous groups themselves -- including the Mayangna and Rama Indians of the RAAS -- who claim that Rivera is playing the indigenous card to further his own political and economic ends.

RAAN Proposal - Same Question

19. (C) In the RAAN, PLC National Assembly deputy Victor Duarte is also advocating the creation of a territorial entity that would include the western and northern RAAN municipalities of Siuna, Bonanza, Rosita and Mulukuku. Unlike Jarquin's proposal, however, Duarte prefers the new territory be classified as a "region" versus a "department," placing him at loggerheads with Rivera. The primary advantage, as Duarte sees it, is that regional status bestows additional budgetary support through the parallel governor and Regional Council structures set up under Law 28. As a department, these autonomous governance structures -- and the accompanying budget -- would not be available. When pressed about the possibility of Rivera exerting more influence than he does today in this area of the RAAN if the new territory were set up as a region -- especially if his Law 28 reforms are approved -- Duarte remarked, "At least the region would get more money, and we (Liberals) would also see some benefit." Duarte was equally dismissive of the strengthened communal property language in Rivera's proposed reforms that would theoretically apply, commenting that, "98 percent of the population is mestizo and we already have private property."

10. (C) Consulted on the issue, ecumenical and Miskito leaders in the RAAN coastal cities of Puerto Cabezas and Waspam expressed firm opposition to Duarte's proposal, claiming that Rivera is manipulating Duarte. The proposal, leaders claim, would weaken the economic strength of the region, deepening the region's poverty and making its inhabitants even more vulnerable to Rivera's machinations. Leaders warned that Rivera is sending teams of his Yatama supporters to communities throughout the region to promote regional separation and his Law 28 reforms, claiming "greater empowerment" for the Miskito communities. While the communities are inherently suspicious of Rivera, the leaders lamented that most residents have little formal education and virtually no knowledge of the proposed reforms.

¶11. (C) Of greater concern to both Duarte and coastal Miskito leaders is President Ortega's May 5 Presidential Decree to create Special Development Regimes (SDRs) in four municipalities in the RAAN and the northern department of Jinotega (Ref B). Whereas the high Liberal voter concentration in the proposed new region would still assure strong Liberal representation in any form of elected government, the directors or "sindicos" of the SDRs would be appointed directly by President Ortega to oversee government development programs. Duarte is concerned that, even if his wish for a separate region were realized, any elected government -- be it governors or regional councils under autonomous law or municipal mayors under national law -- would be side-lined by the sindicos because they would control the purse strings.

Rivera's Dream

¶12. (C) Rivera envisions a purely indigenous government with complete control over the regions' resources. In a detailed presentation, Rivera spells out many reforms and changes to Law 28, including the abolition of the municipal government structure to be replaced by an indigenous community model. These community structures would form part of larger indigenous territories which, in turn, would form autonomous regions (the RAAN and the RAAS). Rivera also seeks to create a third regional-equivalent structure called "Wanky Wihta Buka Was" that is comprised of several non-contiguous geographic territories. Consulted about this new structure, RAAN Miskito leaders clarified that the indicated territories coincide with the region's richest resource concentrations and that Rivera intends to set himself up as "cacique" -- chief -- of the region to control these resources (septel). Rivera's plan would divide each region into two components - Indigenous Territories and Multiethnic Districts. The multiethnic Districts -- where the remaining mestizos would presumably reside -- would, according to Rivera's vision, still be subject to national law, giving the impression they will be isolated Liberal pockets within the region and therefore less of a threat to Rivera's new kingdom.

Comment - Likely Outcome

¶13. (C) It is likely that some version of both the RAAS and RAAN proposals will pass, most probably, according to both bill sponsors, after November's municipal elections. The proposals should gain Liberal support due to the obvious benefit of concentrating and granting more control to the Liberal vote in new departments / regions. Reclassification as a department, in the case of the RAAS, would help facilitate private property ownership. Likewise, the FSLN would support the proposals because separating the Liberal portions of the RAAN and RAAS would strengthen President Ortega's hold on the region through his alliance with Brooklyn Rivera.

¶14. (C) Through the lens of political and economic self interest, both the Liberals and FSLN can justify their support for the proposals. Whether or not these proposals are in the best long-term interest of either democracy or the indigenous populations, however, may be an entirely different matter. Controlling the region -- especially under the guise of empowering the indigenous by reforming Law 28 -- would give Rivera and Ortega virtually unfettered access to the regions' rich natural resources. Indeed, well placed sources fret constantly about Rivera's interest in resource extraction from the two autonomous regions. For example, he reportedly holds significant timber interests in the area affected by Hurricane Felix last September and is extracting timber despite a restrictive ban on timber harvesting. Law 28 reform could set well up Rivera as a virtual one-man political show and local economic robber baron on the Atlantic Coast, undermining both the principles of elective democracy and fundamental elements of indigenous law.

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